

City of Reno

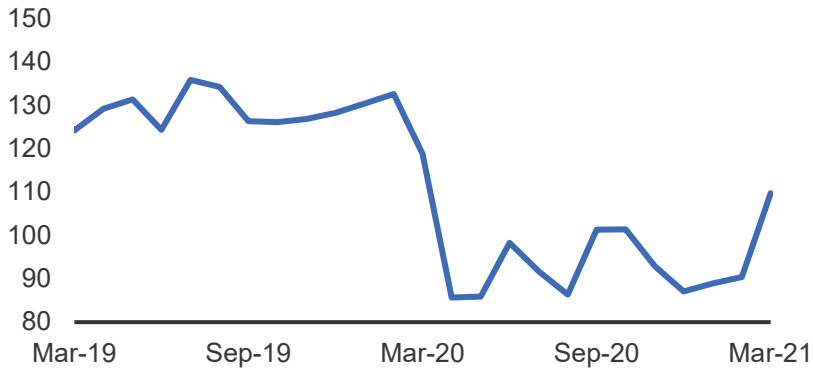
Monthly Investment Report

March 31, 2021

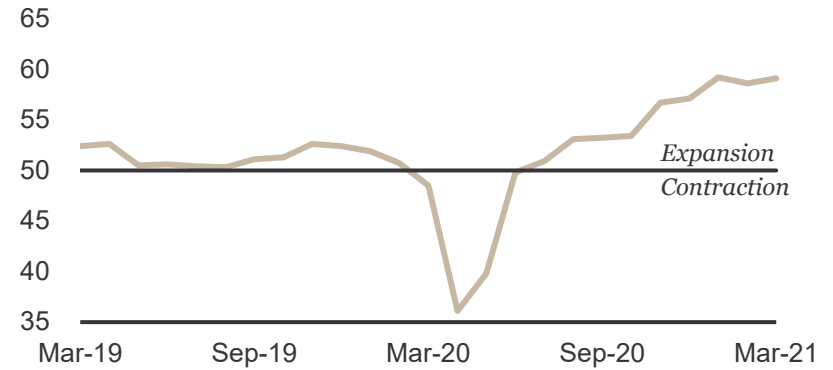


U.S. Economic Momentum Accelerated in the First Quarter of 2021

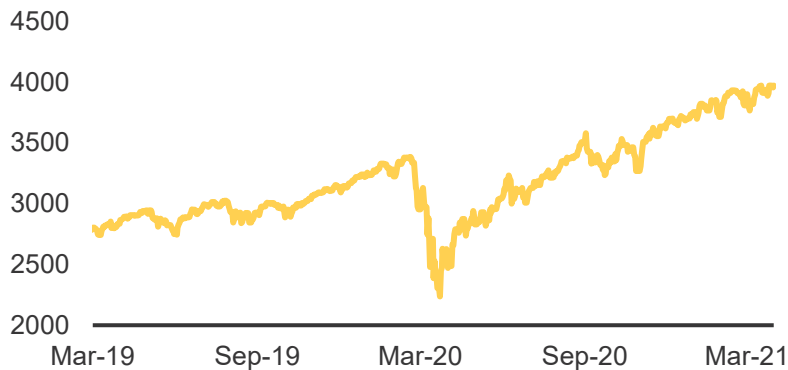
Conference Board Consumer Confidence



Manufacturing Market PMI



S&P 500 Closing Price



Business Investment



Source: Bloomberg, as of April 6, 2021.



Market Summary

Economic Conditions

- President Biden unveiled a new \$2 trillion jobs and infrastructure plan. The American Jobs Plan seeks to repair roads and bridges; modernize public transit; support electric vehicles; upgrade America's drinking water, wastewater and stormwater systems; strengthen the electric grid; and invest in home-based elderly care. The proposal would be paid for by rolling back some of the 2017 corporate tax cuts.
- At March's FOMC meeting, the Federal Reserve kept short-term rates low and committed to sustaining its large-scale asset purchases. Fed Chair Powell acknowledged an improving economic outlook and suggested that higher inflation readings would likely be transitory. The Fed's economic projections for key data like GDP and unemployment were revised, reflecting the improving growth trajectory.
- Economic optimism, fiscal stimulus and easy monetary policy are fueling a rise in inflation expectations. Although actual inflation remains tepid, and well below the Fed's 2% average inflation target, some inflationary pressures are brewing.

Market Reaction

- The U.S. Treasury yield curve steepened significantly. While Fed policy continues to anchor short-term yields near zero, longer-term rates continued to move higher. The yield on the benchmark 3-month Treasury bill fell 2 basis points (bps) to 0.02%, while the yield on the benchmark 10-year Treasury note rose 34 basis points during March to end at 1.74%.
- Equity indices climbed to record highs in March even as rising yields weighed on the tech sector. For the month, the S&P 500 advanced 4.4%; the Dow jumped 6.8%; while the Nasdaq managed a modest gain of 0.5%.

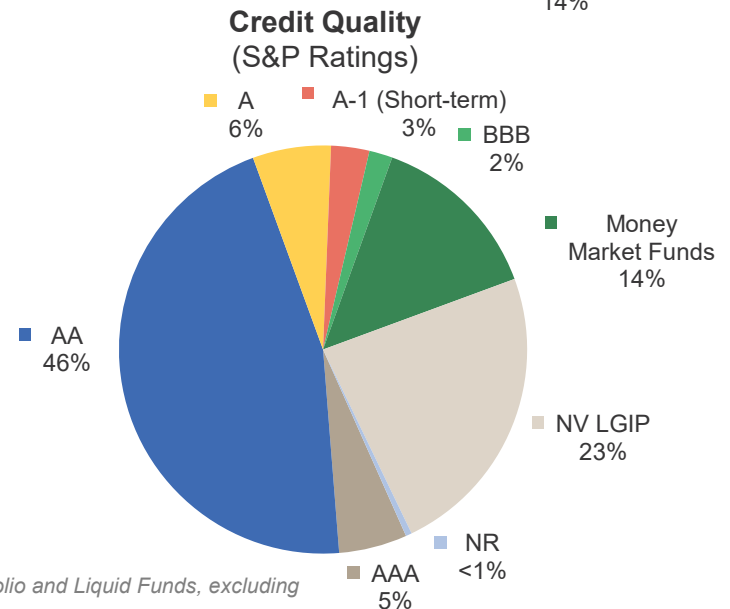
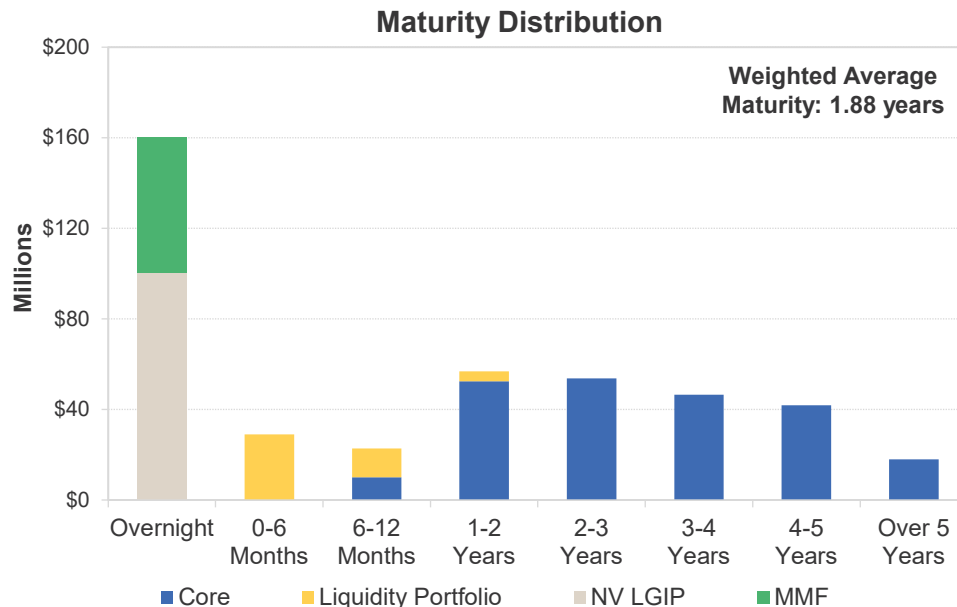
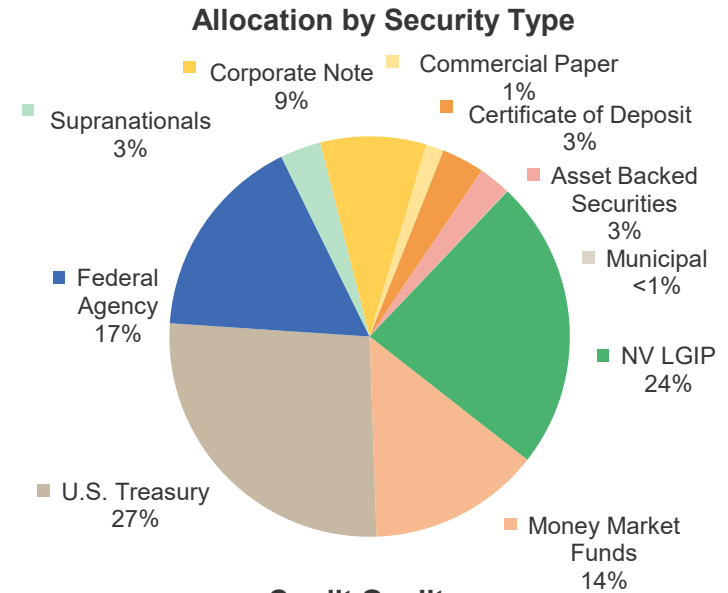
Summary of the City's Funds

City of Reno Funds	Market Value ¹
Core Portfolio	\$222,502,577
Liquidity Portfolio	\$46,190,104
Liquid Funds	\$160,210,559
<i>Nevada LGIP</i>	<i>\$100,683,180</i>
<i>U.S. Bank</i>	<i>\$37,828,081</i>
<i>Bank of America</i>	<i>\$21,699,298</i>
Managed Account Subtotal	\$428,903,240
Reserve Fund Portfolios	\$13,883,106
Total	\$442,786,347

1. Market Values exclude accrued interest.

Executive Summary^{1,2,3}

Account Summary	Ending Values as of 2/28/21	Ending Values as of 3/31/21
Market Value	\$403,780,688	\$428,903,240
Book Value	\$400,398,176	\$426,325,337
Unrealized Gain/(Loss)	\$3,382,512	\$2,577,903
Yield at Market	0.50%	0.57%
Yield at Cost	1.21%	1.15%



- Summary data includes Core Portfolio, Liquidity Portfolio and Liquid Funds, excluding accrued interest; excludes Reserve Fund Portfolios.
- Money Market Funds include the Bank of America and U.S. Bank balances.
- The weighted average yield at market and yield at cost excludes Liquid Funds.

Security Type and Maturity Compliance^{1,2,3}

Security Type	Market Value	% of Portfolio	Permitted by Policy	Compliance	Maturity	Market Value	% of Portfolio	Permitted by Policy	Compliance
U.S. Treasury	\$114,147,415	26.6%	100%	✓	Overnight	\$160,210,559	37.4%	No Limit	✓
Federal Agency	\$71,537,984	16.7%	100%	✓	0-6 Months	\$29,072,964	6.8%	No Limit	✓
Supranationals	\$14,154,146	3.3%	30%	✓	6-12 Months	\$22,758,353	5.3%	No Limit	✓
Corporate Note	\$36,619,252	8.5%	20%	✓	1-2 Years	\$56,886,969	13.3%	No Limit	✓
Commercial Paper	\$6,198,675	1.4%	20%	✓	2-3 Years	\$53,704,343	12.5%	No Limit	✓
Certificate of Deposit	\$14,765,613	3.4%	30%	✓	3-4 Years	\$46,459,986	10.8%	No Limit	✓
Asset Backed Securities	\$11,084,826	2.6%	30%	✓	4-5 Years	\$41,824,221	9.8%	No Limit	✓
Municipal	\$184,771	<0.1%	20%	✓	Over 5 Years	\$17,985,845	4.2%	No Limit	✓
NV LGIP	\$100,683,180	23.5%	100%	✓					
Money Market Funds	\$59,527,379	13.9%	100%	✓					
Total Market Value	\$428,903,240	100.0%			Total Market Value	\$428,903,240	100.0%		

Accrual Basis Earnings ⁴	2/28/21 through 3/31/21
Total Estimated Earnings	\$398,722

1. Data includes Core Portfolio, Liquidity Portfolio and Liquid Funds, excluding accrued interest; excludes Reserve Fund Portfolios.
2. Money Market Funds include the Bank of America and U.S. Bank balances.
3. Investment policy dated February 2020.
4. Excludes earnings on Liquid Funds.

Issuer Compliance^{1,2,3}

Issuer	Market Value	% of Portfolio	Permitted by Policy	Compliance
U.S. Treasury	\$114,147,415	26.6%	100%	✓
Nevada LGIP	\$100,683,180	23.5%	100%	✓
Money Market Funds	\$59,527,379	13.9%	100%	✓
Federal National Mortgage Association	\$38,817,080	9.1%	100%	✓
Federal Home Loan Mortgage Corp	\$26,063,192	6.1%	100%	✓
Asian Development Bank	\$7,213,784	1.7%	100%	✓
Intl Bank Of Reconstruction And Dev	\$3,260,149	0.8%	100%	✓
Sumitomo Mitsui Financial Group Inc	\$3,170,052	0.7%	5%	✓
Toyota Motor Corp	\$2,817,558	0.5%	5%	✓
African Development Bank	\$2,679,839	0.6%	100%	✓
Royal Bank Of Canada	\$2,500,796	0.6%	5%	✓
Bank Of New York Mellon	\$2,499,622	0.6%	5%	✓
Government National Mortgage Assoc	\$2,465,025	0.6%	100%	✓
Blackrock Inc.	\$2,364,271	0.6%	5%	✓
JPMorgan Chase & Co	\$2,290,932	0.5%	5%	✓
Federal Home Loan Bank	\$2,189,799	0.5%	100%	✓
Federal Farm Credit Bank	\$2,002,888	0.5%	100%	✓
Burlington Northern Santa Fe	\$1,812,816	0.4%	5%	✓
Bank Of America Co	\$1,757,332	0.4%	5%	✓
Credit Suisse Group	\$1,639,736	0.4%	5%	✓
Novartis Capital Corp	\$1,541,823	0.4%	5%	✓
Skandinaviska Enskilda Banken Ab	\$1,534,991	0.4%	5%	✓
Nordea Bank Ab	\$1,534,781	0.4%	5%	✓
Toronto-Dominion Bank	\$1,500,804	0.3%	5%	✓
Barclays Bank	\$1,500,127	0.3%	5%	✓
BNP Paribas	\$1,499,955	0.3%	5%	✓
Lloyds Bank Corp	\$1,499,135	0.3%	5%	✓
Abbott Laboratories	\$1,341,411	0.3%	5%	✓
Citigroup Inc	\$1,339,303	0.3%	5%	✓
The Walt Disney Corporation	\$1,326,557	0.3%	5%	✓
Goldman Sachs Group Inc	\$1,318,241	0.3%	5%	✓
Societe Generale	\$1,300,047	0.3%	5%	✓
BB&T Corporation	\$1,294,007	0.3%	5%	✓
DNB Bank	\$1,287,446	0.3%	5%	✓
Morgan Stanley	\$1,282,496	0.3%	5%	✓
Verizon Owner Trust	\$1,280,599	0.3%	5%	✓
Capital One Financial Corp	\$1,269,538	0.3%	5%	✓
Wal-Mart Stores Inc	\$1,257,347	0.3%	5%	✓

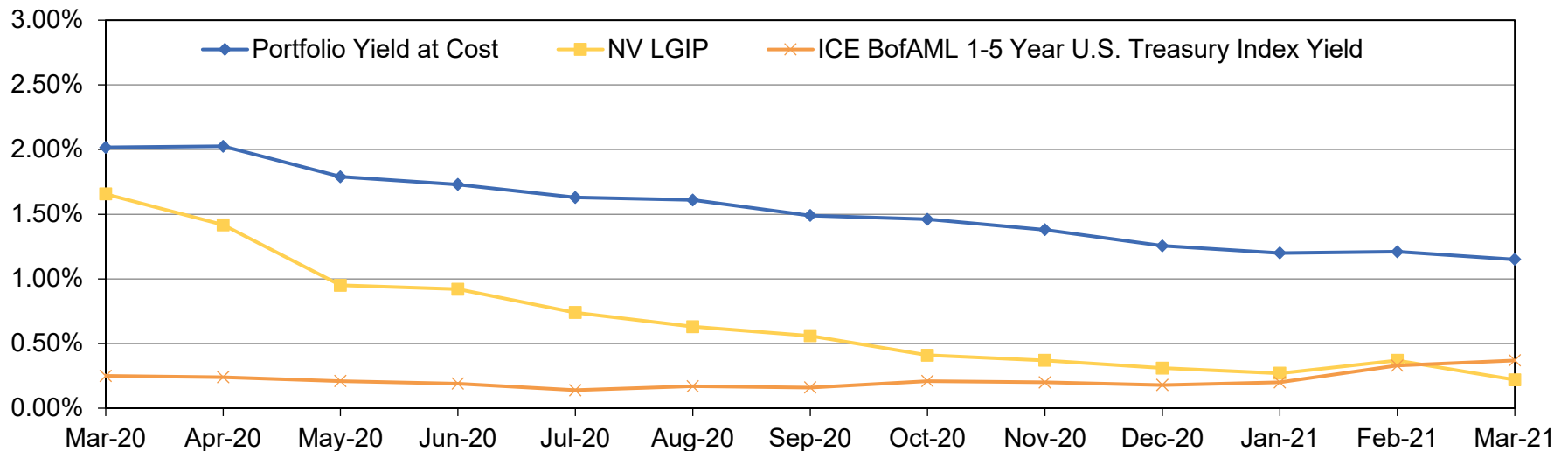
Issuer	Market Value	% of Portfolio	Permitted by Policy	Compliance
American Express Co	\$1,213,966	0.3%	5%	✓
Caterpillar Inc	\$1,199,420	0.3%	5%	✓
IBM Corp	\$1,199,384	0.3%	5%	✓
General Dynamics Corp	\$1,092,399	0.3%	5%	✓
Charles Schwab	\$1,072,646	0.3%	5%	✓
US Bancorp	\$1,054,129	0.2%	5%	✓
Comcast Corp	\$1,051,617	0.2%	5%	✓
American Honda Finance	\$1,026,966	0.2%	5%	✓
PNC Financial Services Group	\$1,009,016	0.2%	5%	✓
Inter-American Dev Bank	\$1,000,373	0.2%	100%	✓
UBS AG	\$996,503	0.2%	5%	✓
Wells Fargo & Company	\$921,893	0.2%	5%	✓
Apple Inc	\$905,783	0.2%	5%	✓
Gm Financial Securitized Term	\$857,791	0.2%	5%	✓
Chevron Corporation	\$824,074	0.2%	5%	✓
Carmax Auto Owner Trust	\$727,866	0.2%	5%	✓
Mercedes-Benz Auto Lease Trust	\$665,481	0.2%	5%	✓
Honda Auto Receivables	\$618,763	0.1%	5%	✓
Verizon Communications	\$498,514	0.1%	5%	✓
World Omni Auto Rec Trust	\$480,264	0.1%	5%	✓
CNH Equipment Trust	\$479,397	0.1%	5%	✓
Nissan Auto Receivables	\$471,493	0.1%	5%	✓
John Deere Owner Trust	\$469,982	0.1%	5%	✓
Lockheed Martin Corp	\$468,637	0.1%	5%	✓
Ford Credit Auto Lease Trust	\$378,235	0.1%	5%	✓
Fifth Third Auto Trust	\$373,991	0.1%	5%	✓
Amazon.Com Inc	\$350,837	0.1%	5%	✓
Deere & Company	\$322,191	0.1%	5%	✓
Capital One Prime Auto Trust	\$316,371	0.1%	5%	✓
Pepsico Inc	\$302,670	0.1%	5%	✓
BMW Financial Services NA LLC	\$299,072	0.1%	5%	✓
Paccar Financial Corp	\$282,358	0.1%	5%	✓
Harley-Davidson Motor Trust	\$279,261	0.1%	5%	✓
Bristol-Myers Squibb Co	\$238,007	0.1%	5%	✓
Hyundai Auto Receivables	\$214,882	0.1%	5%	✓
State of Mississippi	\$184,771	<0.1%	5%	✓
Adobe Inc	\$148,694	<0.1%	5%	✓
BMW Financial Services	\$94,089	<0.1%	5%	✓
Total	\$428,903,240			

1. Data includes Core Portfolio, Liquidity Portfolio and Liquid Funds, excluding accrued interest; excludes Reserve Fund Portfolios.
2. Money Market Funds include the Bank of America and U.S. Bank balances.
3. Investment policy dated February 2020.

Portfolio Yield Summary

Date	Book Value ¹	Portfolio Yield (Cost) ⁴	Portfolio Duration ⁴	NV LGIP Yield (Monthly) ³	1-5 Year Treasury Index Yield ²
Oct-20	395,599,258	1.46%	1.84	0.41%	0.21%
Nov-20	388,723,179	1.38%	2.03	0.37%	0.20%
Dec-20	378,147,818	1.26%	2.10	0.31%	0.18%
Jan-21	393,644,232	1.20%	2.13	0.27%	0.20%
Feb-21	400,398,176	1.21%	2.12	0.37%	0.33%
Mar-21	426,325,337	1.15%	2.22	0.22%	0.37%

Comparison of Combined Portfolio Yield, BAML 1-5 Year Treasury Index², and NV LGIP³



1. Security book values include Core Portfolio, Liquid Portfolio, and Liquid Funds, excluding accrued interest and balances in the reserve funds.
2. Source: ICE Bank of America/Merrill Lynch Global Bond Indices
3. Source: Nevada State Treasurer's website. Monthly net distributed interest rate.
4. The portfolio yield and duration exclude Liquid Funds.

City's Investment Objectives

- **Investment Objectives:** In accordance with the City's Investment Policy, the City's primary objectives in order of priority are:
 - **Safety** – Safety of principal is the foremost objective of the investment program. Investments for the City will be made in a manner that seeks to ensure the preservation of capital in the overall portfolio.
 - **Liquidity** – The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.
 - **Yield** – The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints, liquidity needs, and cash flow characteristics of the portfolio.
- **Certification:** The City has sufficient funds to meet expenditures for the following six-month period.

City of Reno Investment Policy dated February 2020.

Portfolio Information Summary

Funds Included in Report

- The following report includes the City's funds held in overnight investment vehicles (savings accounts, money market funds, and Nevada Local Government Investment Pool) and portfolios of individual fixed income securities (Core Portfolio and Liquidity Portfolio).

Portfolio Summary and Characteristics

- Funds are shown on an amortized cost, and market value basis.
 - Amortized Cost Value (Book Value). Represents the original cost of an investment adjusted for amortization of premium or accretion of discount.
 - Market Value. The current price at which that security is trading between buyers and sellers. Valuation is highly dependent on interest rate movements.
- The investment sector, maturity, and credit ratings distribution is shown based on market value basis.
- Demonstrates level of diversification by investment type and credit quality. Additionally, illustrates active management of funds to optimize value in the current market.

Investment Program Maturity Summary

- The maturity distribution of the City's funds (market value plus accrued interest) from one-day to the ten-year mandated limit.
- Demonstrates level of diversification by maturity date. Shows placement of funds to take advantage of opportunities while ensuring that the City has funds to meet its cash flow needs.

Portfolio Yield Summary

- The historical yield and duration of the City's funds, monthly net distribution rate for the Nevada Local Government Investment Pool (NV LGIP), and the monthly yield for the Bank of America/Merrill Lynch 1 – 5 year Treasury Index is shown for the trailing six months.
- A historical record of the City's overall fund balance and earnings rates.

Investment Guidelines

- The City invests in permitted securities consistent with Nevada Revised Statutes (NRS) Chapter 355.170 – 355.200 and the Reno Municipal Code. The City’s Investment Policy includes additional sector allocation and maturity restrictions that reflect the City’s risk tolerances.

Security Type	Nevada Government Code	City's Investment Policy
U.S. Treasury Notes	✓	✓
Federal Agencies	✓	✓
Supranationals	✓	✓
State and Local Municipal Obligations	✓	✓
Corporate Notes	✓	✓
Mortgage-Backed Securities	✓	✓
Commercial Paper	✓	✓
Time Certificates of Deposit	✓	✓
Negotiable Certificates of Deposit	✓	✓
Bankers' Acceptances	✓	✓
Repurchase Agreements	✓	✓
Reverse Repurchase Agreements		
Mutual Funds	✓	✓
Money Market Funds	✓	✓
Nevada Local Government Investment Pool (NV LGIP)	✓	✓

City of Reno Investment Policy dated February 2020.